

FISCAL NOTE
SB 380 - HB 362

March 8, 2005

SUMMARY OF BILL: Transfers funds from the Lottery for Education Account to the General Shortfall Reserve Sub-Account for the purpose of funding the lottery reserve at \$50.0 million before July 1, 2005.

ESTIMATED FISCAL IMPACT:

Other Fiscal Impact – A shift of approximately \$36.0 million from the Lottery for Education Account to the General Shortfall Reserve Sub-Account. This would bring the balance of the General Shortfall Reserve Sub-Account up to the \$50.0 million requirement.

Assumptions:

- Tennessee Education Lottery Corporation (TELC) transfers net lottery proceeds to the Lottery for Education Account four times per year (end of fiscal quarters).
- Currently, five percent (5%) of net lottery proceeds are to be deposited into the General Shortfall Reserve Sub-Account through the end of FY08.
- Approximately \$231.8 million has been transferred to the Lottery for Education Account through end of second quarter FY05.
- Current balance in the General Shortfall Reserve Sub-Account is estimated at \$11.5 million (\$231.8 million X 5% = \$11.59 million).
- TELC transfers an estimated \$50.0 million to the Lottery for Education Account at end of third quarter FY05.
- Incremental funds to General Shortfall Reserve Sub-Account would be approximately \$2.5 million (\$50.0 million X 5% = \$2.5 million).
- General Shortfall Reserve Sub-Account balance after third quarter FY05 transfer is estimated at \$14.0 million (\$11.5 million + \$2.5 million = \$14.0 million).
- Enactment of this bill would require a shift of approximately \$36.0 million from the Lottery for Education Account to the General Shortfall Reserve Sub-Account on or before July 1, 2005.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director